

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF PEAKS MILL WATER)
DISTRICT, A WATER DISTRICT ORGANIZED)
PURSUANT TO CHAPTER 74 OF THE KENTUCKY)
REVISED STATUTES, OF FRANKLIN COUNTY,)
KENTUCKY, FOR (1) A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY,)
AUTHORIZING AND PERMITTING SAID WATER)
DISTRICT TO CONSTRUCT A WATERWORKS)
CONSTRUCTION PROJECT, CONSISTING OF)
EXTENSIONS, ADDITIONS, AND IMPROVEMENTS)
TO THE EXISTING WATERWORKS SYSTEM OF THE)
DISTRICT, AND (2) APPROVAL OF THE PRO-)
POSED PLAN OF FINANCING OF SAID PROJECT)

CASE NO. 9856

O R D E R

Peaks Mill Water District ("Peaks Mill") by application filed February 3, 1987, is seeking authorization to construct a \$156,000 waterworks improvement project and approval of its plan of financing for this project. Peaks Mill proposes to fund the construction with \$156,000 from its internally generated reserve accounts.

The proposed construction will add water storage facilities. Drawings and specifications for the proposed improvements by Warner A. Broughman III and Associates, of Lexington, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

CONTINUITY OF ADEQUATE AND RELIABLE SERVICE

The evidence indicates that reliable and adequate service can be maintained throughout the expanded system after completion of

the proposed construction. However, there are several areas which could have residual pressure below 30 psig, in violation of 807 KAR 5:066, Section 6 (1). In addition there are several areas which could have pressure above 150 psig, in violation of 807 KAR 5:066, Section 6 (1).

The Commission reminds Peaks Mill of its obligation to provide adequate and reliable service to all of its customers. Peaks Mill should monitor the adequacy of the expanded water distribution system after construction. If this monitoring indicates that the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6 (1), Peaks Mill must take necessary actions to maintain the level of service in conformance with the regulations of the Commission.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record, and being advised, is of the opinion and finds that:

1. With the appropriate monitoring of service to potential low and high pressure areas, public convenience and necessity require that the construction proposed in the application be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction consists of a 150,000-gallon water storage tank and related appurtenances. The low bids totaled \$121,000 which will require about \$156,000 after allowances are made for fees, contingencies, and other indirect costs.

3. Peaks Mill should monitor the adequacy of the expanded water distribution system after construction. If the level of service is inadequate or declining, or the pressure to any customer is outside the requirements of 807 KAR 5:066, Section 6 (1), Peaks Mill should take immediate action to maintain the level of service in conformance with the regulations of the Commission.

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of the Commission.

5. Peaks Mill should furnish duly verified documentation of the total cost of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

6. Peaks Mill's contract with its Engineer should require the provision of construction inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Peaks Mill should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the

construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

8. The financing plan proposed by Peaks Mill is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its service to the public and will not impair its ability to perform these services. The financing plan is reasonably necessary and appropriate for such purposes and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Peaks Mill be and it hereby is granted a certificate of public convenience and necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein on the condition that the potential low and high pressure areas be monitored and corrective action taken in accordance with Finding Number 1 and Finding Number 3 of this Order.

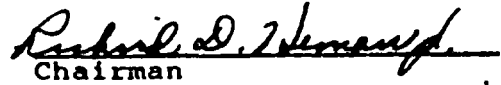
2. Peaks Mill's financing plan consisting of \$156,000 in funds from Peaks Mill reserve accounts be and it hereby is approved.

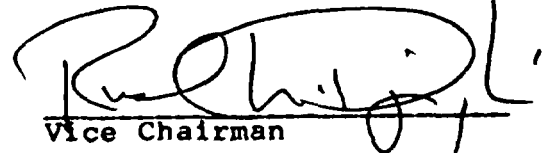
3. Peaks Mill shall comply with all matters set out in Findings 3 through 7 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein authorized.

Done at Frankfort, Kentucky, this 10th day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director